

SEC



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**ANNUAL AUDITED REPORT
 FORM X-17A-5
 PART III**

SEC FILE NUMBER

21380

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
 Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/08 AND ENDING 12/31/08
 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: MONNESS, CRESPI, HARDT & CO., INC.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

767 THIRD AVENUE

(No. and Street)

NEW YORK

NEW YORK

10017-2047

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
 NEIL CRESPI 212-838-7575

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

VASSALLO, VINCENT ROBERT

(Name - if individual, state last, first, middle name)

16 PORTER PLACE

SEA CLIFF

NEW YORK

11579

(Address)

(City)

(State)

SEC Mail Processing
Section

CHECK ONE:

☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions.

MAR 12 2009

THOMSON REUTERS

FEB 20 2009

Washington, DC
111**FOR OFFICIAL USE ONLY**

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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3/9

OATH OR AFFIRMATION

I, NEIL CRESPI, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MONNESS, CRESPI, HARDT & CO., INC., as of DECEMBER 31, 20 08, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

JENNIFER TRAINOR
Notary Public, State of New York
No. 01TR5013422 Qualified in Nassau Co
Commission Expires July 15, 2011

Signature

Title

Notary Public

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

cc, notes

VINCENT R. VASSALLO

CERTIFIED PUBLIC ACCOUNTANT

16 PORTER PLACE
SEA CLIFF, NEW YORK 11579
TEL: (516) 759-1994 FAX: (516) 759-7109

INDEPENDENT ACCOUNTANTS' CERTIFICATE

Monness, Crespi, Hardt & Co., Inc.
767 Third Avenue
New York, New York 10017

Gentlemen:

We have examined the Focus Report of Monness, Crespi, Hardt & Co., Inc. as of December 31, 2008 that you are filing pursuant to Rule 17a-d under the Securities Exchange Act of 1934.

Our examination was made in accordance with generally accepted auditing standards, generally accepted in the United States of America and accordingly included a review of the system of internal control and the procedures for safeguarding securities and such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, including the audit procedures prescribed by the Securities and Exchange Commission.

In our opinion, the accompanying Focus Report presents fairly, in all material respects, the financial position of Monness, Crespi, Hardt & Co., Inc. as of December 31, 2008 in the form required by the Securities and Exchange Commission in conformity with generally accepted accounting principles, consistently applied.


CERTIFIED PUBLIC ACCOUNTANT

Sea Cliff, New York
February 19, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	February 28, 2010
Estimated average burden hours per response.....	12.00

Form
X-17A-5

FOCUS REPORT
(Financial and Operational Combined Uniform Single Report)
PART IIA 12

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

1) Rule 17a-5(a) ☒ 16

2) Rule 17a-5(b) ☐ 17

3) Rule 17a-11 ☐ 18

4) Special request by designated examining authority ☐ 19

5) Other ☐ 28

NAME OF BROKER-DEALER

SEC FILE NO.

8-21380 14

MONNESS, CRESPI, HARDT & CO., INC. 13

FIRM I.D. NO.

13-2878577 15

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

FOR PERIOD BEGINNING (MM/DD/YY)

767 THIRD AVENUE 20

(No. and Street)

01/01/08 24

NEW YORK 21

NY 22

10017-2047 23

(City)

(State)

(Zip Code)

AND ENDING (MM/DD/YY)

12/31/08 25

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code) — Telephone No.

NEIL CRESPI 30

212-838-7575 31

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

OFFICIAL USE

32 33

34 35

36 37

38 39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS? YES ☐ 40 NO ☒ 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT ☒ 42

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 19th day of February 20 09

Manual signatures of:

1) 
Principal Executive Officer or Managing Partner

2) 
Principal Financial Officer or Partner

3) 
Principal Operations Officer or Partner

ATTENTION — Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78f(a))

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TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

NAME (If individual, state last, first, middle name)

VASSALLO, VINCENT ROBERT

70

ADDRESS

16 PORTER PLACE

71

SEA CLIFF

72

NY

73

11579

74

Number and Street

City

State

Zip Code

CHECK ONE

☒ Certified Public Accountant

75

☐ Public Accountant

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☐ Accountant not resident in United States
or any of its possessions

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WORK LOCATION	REPORT DATE MM/DD/YY	DOC. SEQ. NO.	CARD				
50	51	52	53				

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER **MONNESS, CRESPI, HARDT & CO., INC.**

N3

100

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

as of (MM/DD/YY) **12/31/08**

SEC FILE NO. **8-21380**

Consolidated		99
Unconsolidated	X	98
		198
		199

	Allowable	Non-Allowable	Total
1. Cash	\$ 336,678 200	\$ 336,678 750	
2. Receivables from brokers or dealers:			
A. Clearance account	3,632,270 295		
B. Other	300	550	3,632,270 810
3. Receivable from non-customers	355	600	0 830
4. Securities and spot commodities owned at market value:			
A. Exempted securities	418		
B. Debt securities	419		
C. Options	420		
D. Other securities	424		
E. Spot commodities	430		0 850
5. Securities and/or other investments not readily marketable:			
A. At cost	130		
B. At estimated fair value	440	610	0 850
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:			
A. Exempted securities	150		
B. Other securities	160		0 880
7. Secured demand notes:			
Market value of collateral:			
A. Exempted securities	170		
B. Other securities	180		0 890
8. Memberships in exchanges:			
A. Owned, at market	190		
B. Owned, at cost		650	
C. Contributed for use of the company, at market value		680	0 900
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships	480	670	0 910
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization	490	194,763 680	194,763 920
11. Other assets	535	4,584 735	4,584 830
12. TOTAL ASSETS	\$ 3,968,948 540	\$ 199,347 740	\$ 4,168,295 940

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER **MONNESS, CRESPI, HARDT & CO., INC.**

as of **12/31/08**

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

LIABILITIES AND OWNERSHIP EQUITY

Liabilities	A.I. Liabilities	Non-A.I. Liabilities	Total
13. Bank loans payable	\$ 1045	\$ 1255 ¹³	\$ 0 1470
14. Payable to brokers or dealers:			
A. Clearance account	1114	1315	0 1560
B. Other	1115	1305	0 1540
15. Payable to non-customers	1155	1355	0 1610
16. Securities sold not yet purchased, at market value		1360	0 1620
17. Accounts payable, accrued liabilities, expenses and other	2,183,967 1205	1385	2,183,967 1645
18. Notes and mortgages payable:			
A. Unsecured	1210		0 1690
B. Secured	1211 ¹²	1390 ¹⁴	0 1700
19. E. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:			
1. from outsiders ¹⁵ \$ 970			
2. Includes equity subordination (15c3-1(d)) of ... \$ 980		1400	0 1710
B. Securities borrowings, at market value			
from outsiders \$ 990		1410	0 1720
C. Pursuant to secured demand note collateral agreements		1420	0 1730
1. from outsiders \$ 1000			
2. includes equity subordination (15c3-1(d)) of ... \$ 1010			
D. Exchange memberships contributed for use of company, at market value		1430	0 1740
E. Accounts and other borrowings not qualified for net capital purposes	1220	1440	0 1750
20. TOTAL LIABILITIES	\$ 2,183,967 1230	\$ 0 1450	\$ 2,183,967 1760
Ownership Equity			
21. Sole Proprietorship			\$ 0 1770
22. Partnership (limited partners)	\$ 1020 ¹¹		0 1780
23. Corporation:			
A. Preferred stock			0 1791
B. Common stock		20,000	1792
C. Additional paid-in capital		55,000	1793
D. Retained earnings		1,909,328	1794
E. Total		1,984,328	1795
F. Less capital stock in treasury			0 1796
24. TOTAL OWNERSHIP EQUITY		\$ 1,984,328	1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY		\$ 4,168,295	1810

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER **MONNESS, CRESPI, HARDT & CO., INC**

as of 12/31/08

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition	\$	1,984,328	3480
2. Deduct ownership equity not allowable for Net Capital	10	()	3480
3. Total ownership equity qualified for Net Capital		1,984,328	3500
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital		0	3520
B. Other (deductions) or allowable credits (List)		0	3525
5. Total capital and allowable subordinated liabilities	\$	1,984,328	3530
6. Deductions and/or charges:			
A. Total non-allowable assets from			
Statement of Financial Condition (Notes B and C)	17	199,347	3540
B. Secured demand note delinquency			3590
C. Commodity futures contracts and spot commodities -			
proprietary capital charges			3600
D. Other deductions and/or charges			3610
7. Other additions and/or allowable credits (List)		199,347	3620
8. Net capital before haircuts on securities positions		0	3630
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):	20	1,784,981	3640
A. Contractual securities commitments	\$		3660
B. Subordinated securities borrowings			3670
C. Trading and investment securities:			
1. Exempted securities	10		3735
2. Debt securities			3733
3. Options			3730
4. Other securities			3734
D. Undue Concentration			3850
E. Other (List)			3736
10. Net Capital	\$	1,784,981	3740
			3750

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER **MONNESS, CRESPI, HARDT & CO., INC**

as of **12/31/08**

COMPUTATION OF NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6 1/2% of line 19)	\$	145,597	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	100,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$	145,597	3760
14. Excess net capital (line 10 less 13)	\$	1,639,384	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$	1,566,584	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	\$	2,183,967	3790
17. Add:			
A. Drafts for immediate credit	\$	3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$	3810	
C. Other unrecorded amounts (List)	\$	3820	
18. Total aggregate indebtedness	\$	2,183,967	3840
19. Percentage of aggregate indebtedness to net capital (line 18 ÷ by line 10)	%	122	3850
20. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	%	0	3860

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

21. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$	0	3970
22. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	0	3880
23. Net capital requirement (greater of line 21 or 22)	\$	0	3760
24. Excess capital (line 10 less 23)	\$	0	3910
25. Net capital in excess of the greater of:			
A. 5% of combined aggregate debit items or \$120,000	\$	0	3920

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
 2. 6 1/2% of aggregate indebtedness or 4% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17e-5, respondent should provide a list of material non-allowable assets.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER

MONNESS, CRESPI, HARDT & CO., INC.

For the period (MMDDYY) from 1/1/08 3932 to 12/31/08 3933
Number of months included in this statement 12 3931

STATEMENT OF INCOME (LOSS)

REVENUE

1. Commissions:		
a. Commissions on transactions in exchange listed equity securities executed on an exchange	\$ 34,160,646	3935
b. Commissions on listed option transactions		3938
c. All other securities commissions		3939
d. Total securities commissions		3940
2. Gains or losses on firm securities trading accounts		
a. From market making in options on a national securities exchange		3945
b. From all other trading		3949
c. Total gain (loss)		3950
3. Gains or losses on firm securities investment accounts		3952
4. Profit (loss) from underwriting and selling groups		3955
5. Revenue from sale of investment company shares		3970
6. Commodities revenue		3990
7. Fees for account supervision, investment advisory and administrative services		3975
8. Other revenue	458,247	3995
9. Total revenue	\$ 34,618,893	4030

EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers	7,830,622	4120
11. Other employee compensation and benefits	9,378,045	4115
12. Commissions paid to other broker-dealers	1,185,812	4140
13. Interest expense		4075
a. Includes interest on accounts subject to subordination agreements	4070	
14. Regulatory fees and expenses	482,433	4195
15. Other expenses	14,184,483	4100
16. Total expenses	\$ 33,061,395	4200

NET INCOME

17. Income (loss) before Federal income taxes and items below (item 9 less item 16)	\$ 1,557,498	4210
18. Provision for Federal income taxes (for parent only)		4220
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above		4222
a. After Federal income taxes of	4338	
20. Extraordinary gains (losses)		4224
a. After Federal income taxes of	4239	
21. Cumulative effect of changes in accounting principles		4225
22. Net income (loss) after Federal income taxes and extraordinary items	\$ 1,557,498	4230

MONTHLY INCOME

23. Income (current month only) before provision for Federal income taxes and extraordinary items	\$ N/A	4211
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FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER

MONNESS, CRESPI, HARDT & CO., INC

For the period (MMDDYY) from 01/01/08 to 12/31/08

STATEMENT OF CHANGES IN OWNERSHIP EQUITY (SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period	\$ 1,454,381	4240
A. Net income (loss)	1,557,498	4250
B. Additions (includes non-conforming capital of	To \$ 4262	0 4260
C. Deductions (includes non-conforming capital of	\$ 4272	1,027,551 4270
2. Balance, end of period (From item 1800)	\$ 1,984,328	4290

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period	To \$ 0	4300
A. Increases		4310
B. Decreases		4320
4. Balance, end of period (From item 3520)	\$ 0	4330

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER **MONNESS, CRESPI, HARDT & CO., INC.**

as of **12/31/08**

EXEMPTIVE PROVISION UNDER RULE 15c3-3

24. If an exemption from Rule 15c3-1 is claimed, identify below the section upon which such exemption is based (check one only)

- | | | |
|--|-------------|---------------|
| A. (k)(1) — \$2,500 capital category as per Rule 15c3-1 | _____ | 4550 |
| B. (k)(2)(A) — "Special Account for the Exclusive Benefit of customers" maintained | _____ | 4560 |
| C. (k)(2)(B) — All customer transactions cleared through another broker-dealer on a fully disclosed basis. | | |
| Name of clearing firm, GOLDMAN SACHS EXECUTION & CLEARING, L. P. | 4335 | X 4570 |
| D. (k)(3) — Exempted by order of the Commission (include copy of letter) | | 4580 |

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed Withdrawal or Accrual (See below for code)	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (Yes or No)
31 4600	4601	4602	4603	4604	4605
32 4610	4611	4612	4613	4614	4615
33 4620	4621	4622	4623	4624	4625
34 4630	4631	4632	4633	4634	4635
35 4640	4641	4642	4643	4644	4645
			Total \$ ³⁶ 0	4699	

OMIT PENNIES

Instructions: Detail Listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and anticipated accruals which would cause a reduction of Net Capital. These anticipated accruals would include amounts of bonuses, partners' drawing accounts, taxes, and interest on capital, voluntary contributions to pension or profit sharing plans, etc., which have not been deducted in the computation of Net Capital, but which you anticipate will be paid within the next six months.

WITHDRAWAL CODE:	DESCRIPTIONS
1.	Equity Capital
2.	Subordinated Liabilities
3.	Accruals

MONNESS, CRESPI, HARDT & CO., INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2008

Increase (Decrease) in Cash

Cash flows from operating activities:

Net income \$ 1,557,498

Adjustments to reconcile net income to net cash
used in operating activities:

Depreciation 158,597

Change in assets and liabilities:

(Increase) decrease in:

Receivables from clearing brokers (1,454,285)

Receivables from non-customers 250,000

Purchase of furniture
and leasehold improvements (152,930)

Other assets (314)

Increase (decrease) in:

Accounts payable 661,231

Distributions to shareholders (1,027,551)

Net decrease in cash (7,754)

Cash, beginning of period 344,432

Cash, end of period \$ 336,678

The accompanying notes are an integral part of this statement.

MONNESS, CRESPI, HARDT & CO., INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

Note 1 - Inception of Operations:

The Company commenced its business operations on February 11, 1977. The Company is a member of the N.A.S.D. and its principal business consists of being a broker dealer.

Note 2 - Net Capital:

The Company is a registered broker dealer subject to the SEC uniform net capital rule. This rule requires that the Company maintains a minimum net capital, as defined, of one-fifteenth of aggregate indebtedness or \$100,000, whichever is greater.

VINCENT R. VASSALLO

CERTIFIED PUBLIC ACCOUNTANT

16 PORTER PLACE
SEA CLIFF, NEW YORK 11579
TEL.: (516) 759-1994 FAX: (516) 759-7109

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE

REQUIRED BY SEC RULE 17A-5

To the Board of Directors
Monness, Crespi, Hardt & Co., Inc.

In planning and performing our audit of the financial statements and supplementary schedules of Monness, Crespi, Hardt & Co., Inc., for the year ended December 31, 2008, we considered its internal control, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5 (g) (1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3 (a) (11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, count, verifications, and comparisons
2. Recordation of difference required by Rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the proceeding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to

assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control, including procedures for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2008, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purpose.

 Vincent R. Varrallo CPA

Sea Cliff, NY
February 19, 2009

END